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1 THOMAS P. O'BRIEN
United States Attorney
2 CHRISTINE C. EWELL
Assistant United States Attorney
3 Chief, Criminal Division
STEVEN R. WELK
4 Assistant United States Attorney
Chief, Asset Forfeiture Section
5 P. GREG PARHAM
Special Assistant United States Attorney
6 Asset Forfeiture Section
United States Attorney's Office
7 California Bar No. 140310
U.S. Courthouse, 14th Floor
8 312 N. Spring Street
Los Angeles, CA 90012
9 Telephone: (213) 894-0304
Facsimile: (213) 894-7177
10 E-Mail: greg.parham@usdoj.gov

2008 APR 24 PM 12:54

CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

11 Attorneys for Plaintiff
United States of America

12 UNITED STATES DISTRICT COURT

13 FOR THE CENTRAL DISTRICT OF CALIFORNIA

14 WESTERN DIVISION

15 UNITED STATES OF AMERICA,) NO. CV 08-02703 PA (AGR)
16 Plaintiff,) VERIFIED
17 v.) COMPLAINT FOR FORFEITURE
18 \$180,920.46 IN VARIOUS BANK) [18 U.S.C. §§ 981 (a)(1)(A) &
19 FUNDS,) (C)]
20 Defendant.) [U.S. Secret Service]

21
22
23
24 The United States of America brings this claim against the
25 defendants \$21,452.82 in Washington Mutual Bank ("WAMU") account
26 funds, \$152,000.00 in WAMU account funds, \$2,467.64 in Golden 1
27 Credit Union ("Golden") account funds, and \$5,000.00 in Altura
28 Credit Union ("Altura") account funds (collectively referred to

hereafter as "defendant bank funds"), and alleges as follows:

JURISDICTION AND VENUE

3 1. This is a civil forfeiture action brought pursuant to 18
4 U.S.C. §§ 981(a)(1)(A) & (C).

5 2. This court has jurisdiction over the matter under 28
6 U.S.C. §§ 1345 and 1335.

7 3. Venue lies in this district pursuant to 28 U.S.C.
8 § 13395(b).

PERSONS AND ENTITIES

10 4. The plaintiff is the United States of America.

11 5. The defendants are: a) \$21,452.82 in WAMU account funds,
12 seized from checking account number XXXX-XXXXXXX618-4, held in the
13 name of Qualitytel, Inc.; b) \$2,467.64 in Golden account funds,
14 seized from checking account number XXXXXX9240, held in the name of
15 Sharlene and Louis Arriola; c) \$152,000.00 in WAMU account funds,
16 seized from checking account number XXX-XXX248-8, held in the name
17 of Sharlene Arriola; and d) \$5,000.00 in Altura account funds,
18 seized from account number XXX9507, held in the name of Jadyn
19 Arriola. The defendants were seized on or after December 15, 2006
20 pursuant to a seizure warrant issued by the Honorable United States
21 Magistrate Judge Patrick J. Walsh on December 15, 2006.¹

22 6. The interests of Louis Arriola, Sharlene Arriola, Jadyn
23 Arriola, and Qualitytel, Inc. may be adversely affected by these
24 proceedings.

25 7. Plaintiff alleges that the defendant bank funds represent
26 or are derived from proceeds traceable to violations of 18 U.S.C.

²⁸ ¹ The account numbers have been redacted pursuant to Local Rule 79-5.4(d).

1 §§ 1343 (wire fraud), 1341 (mail fraud), and/or 1028(a)(7)
2 (identity theft), or a conspiracy to commit one or more of those
3 offenses. Each of these offenses constitute "specified unlawful
4 activity" pursuant to 18 U.S.C. §§ 1956(c)(7)(A) and 1961(1)(B).
5 The defendant bank funds are therefore subject to forfeiture
6 pursuant to 18 U.S.C. § 981(a)(1)(C). There is also probable cause
7 to believe that the defendant bank funds were involved in one or
8 more monetary transactions involving proceeds of the above
9 violations, which transactions were designed to promote the
10 carrying on of specified unlawful activity, or to conceal or
11 disguise the true nature, source, location, ownership or control of
12 the proceeds in violation of 18 U.S.C. § 1956(a)(1)(i) and (B),
13 thus providing a separate basis for forfeiture under 18 U.S.C.
14 § 981(a)(1)(A).

15 8. The defendant bank funds are currently in the custody of
16 the United States Department of Treasury, where they shall remain
17 subject to this court's jurisdiction during the pendency of this
18 action.

19 9. Pursuant to 18 U.S.C. § 983(a)(3)(A)-(C), the deadline
20 for filing a civil forfeiture complaint against the defendant bank
21 funds was on or before May 30, 2007, but the court granted the
22 parties' stipulation and requests to extend the complaint filing
23 deadline until April, 2008.

24 EVIDENCE SUPPORTING FORFEITURE

25 ***Overview of Fraudulent Telecommunications Schemes***

26 10. Telecommunications subscription fraud and call sell fraud
27 operates as follows:

28 a. Members of the fraud ring apply for and receive

1 telecommunications service from victim telecommunications
2 companies/providers ("victim providers") through normal
3 application procedures of the victim providers or of
4 third party sales agents.

5 b. Often, the fraud ring steals the identities of real
6 companies and the identities of actual company officers
7 to facilitate the process of applying for and obtaining
8 telecommunications service from a victim provider. The
9 fraud ring may also use names of fictitious individuals,
10 along with the name of the real company, when
11 communicating with the victim provider.

12 c. The victim providers, believing they have a legitimate
13 customer, install service at a physical address
14 designated by the fraud ring which the fraud ring then
15 uses as a call forwarding facility.

16 d. The fraud ring receives the telecommunications service at
17 the call forwarding facility but does not intend to pay
18 the victim providers for the service it receives.

19 e. The fraud ring then resells the telecommunications
20 service received from the victim providers to the fraud
21 ring's own clients at very low rates. The fraud ring's
22 clients may include call brokers or least cost route
23 ("LCR") providers.² Since the fraud ring has no

26 ² Least cost routing ("LCR") is the process in the voice
27 telecommunications industry that provides customers with cheap
28 telephone calls. Telecommunications providers compare between and
 choose the best routes and services from numerous telephone
 service providers/suppliers for multiple worldwide locations.

1 intention of paying the victim providers, it can afford
2 to resell the service at low rates and the fraud ring
3 profits from any money received from its own clients.

4 f. Calls from the fraud ring's clients are routed through
5 the call forwarding facility using the service
6 connections and infrastructure installed by the victim
7 providers.

8 g. The victim providers are not aware the telecommunications
9 service they are providing to the fraud ring at the call
10 forwarding facility is being resold to, and used by,
11 third parties.

12 h. The victim providers typically discover the fraud only
13 after there has been high volume usage of their
14 telecommunications service in a relatively short period
15 of time. By that time, the fraud ring may have already
16 abandoned the call forwarding facility used to receive
17 telecommunications service, and moved on to new locations
18 and new victims.

19 i. Both the telecommunications fraud and identity theft of
20 the real company and its officers are discovered when the
21 victim providers attempt to collect on their bill and
22 learn the real company never applied for service.

23 j. The victim providers suffer a large monetary loss since
24 they never receive payment for the telecommunications
25 service they provided to the fraud ring.

26 27
28 This is done on a weekly or even daily basis in order to maintain
a competitive cost base and acceptable call quality.

1 *Overview of Telecommunications Fraud Committed by Louis Arriola*

2 11. In response to calls from victim companies, the Los
3 Angeles Field Office of the United States Secret Service ("USSS")
4 investigated Louis Ricardo Arriola, the self-employed president of
5 a company named Qualitytel, Inc. ("Qualitytel"), which Louis
6 Arriola incorporated in 2003 and listed a business address on Dill
7 Circle, in Corona, California 92879 (the "Dill Circle address").

8 12. Since approximately February 2006, Louis Arriola and
9 other known and unknown co-conspirators had been impersonating an
10 officer of Saint Gobain Corporation [Gordon R. Schmitt
11 ("Schmitt")], to receive telecommunication services at a commercial
12 address in Upland, California. Saint Gobain is headquartered in
13 Valley Forge, Pennsylvania, and had not entered into any
14 telecommunications service contracts for a location in Upland,
15 California.

16 13. In March 2006, Arriola and other known and unknown co-
17 conspirators, claiming to be Schmitt, rented office space in
18 Upland, California to use as a call forwarding facility. These co-
19 conspirators then applied for telecommunication services from
20 several different victim companies, including Linkline
21 Communications Inc. ("Linkline") and Transnational Communications
22 International ("TNCI"). In each instance, applications were
23 submitted in the name of "Gordon Schmitt" of Saint Gobain and the
24 companies were directed to install telecommunication services at
25 the Upland office address.

26 14. Three witnesses identified Louis Arriola as the man they
27 had known as "Gordon Schmitt" of Saint Gobain, namely Ying Chun
28 ("James") Chui, the landlord of the Upland office building, his

1 wife and co-owner Bing Zhao, and Renato O'Neal, Director of Sales
2 for victim telecommunications provider Linkline.

3 15. Louis Arriola was also captured on WAMU surveillance
4 videos, where he purchased money orders to pay for the initial
5 installation fees for telephone service from victim provider TNCI.

6 16. Louis Arriola's company Qualitytel received \$677,623.57
7 in payments from its own clients for services believed to be routed
8 through the Upland office, including telecommunications company Wyn
9 International and known LCR companies such as Universal Gateway
10 LLC. LCRs sell telephone service directly to customers. USSS
11 investigation indicated that these companies purchased telephone
12 service from Qualitytel and resold the services to end users.

13 17. Although Qualitytel contracted for telecommunications
14 services from a total of five victim providers in the name of
15 Schmitt, Qualitytel did not pay for the services received at the
16 Upland office address. In total, the estimated loss from this
17 scheme was believed to be \$1,400,382.06. As set forth below, some
18 of the funds generated in this illegal activity by Louis Arriola
19 were deposited into bank accounts held by Qualitytel, Louis
20 Arriola, his wife, Sharlene Arriola, and his daughter, Jadyn
21 Arriola.

22 ***USSS Investigation of Louis Arriola and Qualitytel***

23 18. On May 4, 2005, USSS SA Mark Buenaluz met with Ceres
24 Fagan, Director of Fraud and Network Security for Telepacific, who
25 showed him copies of company documents and told him the following:

26 a. From October 28, 1999 to about September 27, 2001, Louis
27 Arriola was employed at Telepacific in the sales
28 department. His job, as a sales agent and subsequently

1 as a manager, was to sell domestic and international
2 telephone service to corporate customers.

3 b. In 2001, Louis Arriola claimed to be selling Telepacific
4 services to three companies located in the Los Angeles
5 area. He submitted three applications to Telepacific in
6 the name of actual companies indicating that these three
7 clients had agreed to purchase telephone services from
8 Telepacific. However, when Telepacific attempted to
9 collect payment from these three companies, they
10 discovered that the companies had never contracted to
11 purchase services from Telepacific.

12 c. As a result of Louis Arriola's false representations
13 regarding these three companies, Telepacific suffered a
14 loss of approximately \$190,000.

15 d. After conducting an internal fraud investigation,
16 Telepacific terminated Louis Arriola's employment on or
17 about September 27, 2001.

18 19. On December 7, 2005, SA Buenaluz spoke to Shelli Marie
19 Pelly, who in 2001 was the Regional Director of Sales at PacWest
20 Telecom Corporation ("Pac West"). She informed him after Louis
21 Arriola left Telepacific in 2001, he was hired as branch manager of
22 the Pac West Burbank office, where he worked managing the sales of
23 telecommunications services to corporate customers. Louis Arriola
24 was terminated after about two months of employment for suspected
25 fraud. In July 2006, the Pac West Human Resources Department
26 verified Louis Arriola was employed from October 1, 2001 through
27 November 10, 2001.

28 / / /

1 *Arricola Leases Office Space to Be Used as a Call Forwarding*
2 *Facility*

3 20. On July 7 and 24, 2006, USSS SA Prieto and SA Buenaluz
4 met with Ying Chun ("James") Chui, property owner and manager of an
5 office building on Third Ave, in Upland, California 91786, who told
6 them the following:

- 7 a. Since approximately March 2006, Chui leased office space
8 (Suite I) at the Third Ave location in Upland, California
9 91786 to a person who claimed to be Schmitt, Vice
10 President of Saint Gobain Corporation.
- 11 b. Chui had been in contact with Schmitt at the telephone
12 number (213) 281-1024.
- 13 c. Chui met personally with Schmitt on approximately three
14 occasions and called him at the telephone number (213)
15 281-1024 when there was a need to talk to him about the
16 leased office, Suite I.
- 17 d. Chui met Schmitt inside of the office space (Suite I),
18 and saw electronic equipment on a desk with wires
19 extending from the equipment leading up to the ceiling.
- 20 e. Chui thought Schmitt's business was unusual, because
21 unlike other tenant offices, he did not see any
22 documents, paperwork, or similar items a business would
23 have and the electricity bill for the building was much
24 higher once Schmitt moved into Suite I.
- 25 f. Chui had seen Schmitt drive a newer model black Mercedes
26 to his (Chui's) house and had seen the same vehicle
27 parked across the street from the leased office space
28 (Suite I).

1 21. Continuing on July 7, 2006, Chui positively identified
2 Louis Arriola from a photo line-up as the person who presented
3 himself and signed a lease agreement as Schmitt. Chui also said
4 the person whose photograph he identified as Schmitt was the person
5 he had called and had spoken with at the telephone number (213)
6 281-1024.

7 22. On July 24, 2006, USSS SA Huang and SA Buenaluz met Chui
8 in Hacienda Heights, California, and showed him a photograph of
9 Louis Arriola's vehicle. Chui told them the photograph of the
10 vehicle looked like the Mercedes Benz he had seen Schmitt drive.

11 23. On October 4, 2006, SA Buenaluz learned from documents
12 and surveillance footage from WAMU that on August 7, 2006, Michael
13 Peterson had cashed a check drawn on WAMU account number XXXX-
14 XXXXXX618-4, held in the name of Qualitytel, Inc. On that same
15 day, Michael Peterson made a "cash" payment to Chui's bank account
16 for \$1,500, an amount which was equal to the monthly rental fee for
17 Suite I.

18 24. On October 31, 2006, SA Buenaluz learned from Chui that
19 the person he had known as "Gordon Schmitt" had vacated Suite I.
20 Chui informed SA Buenaluz that a search warrant had been executed
21 at the Third Ave office complex in early September. To his
22 knowledge, Suite I had not been the subject of the search.

23 25. On November 3, 2006, USSS SA Katherine Peterson and SA
24 Buenaluz interviewed Bing Zhao, who co-owns the office complex at
25 N. Third Ave in Upland with her husband Chui. Zhao told them the
26 following:

27 a. In September 2006, a tenant had informed her husband that
28 the police were at the Third Ave office complex executing

1 a search warrant. At that time, they did not know which
2 office suite had been searched.

3 b. On September 10, 2006, Zhao went to the Third Ave office
4 complex at her husband's request to look for any damage
5 caused by the police.

6 c. On September 10, 2006, Zhao checked the door to Suite I,
7 opened the door, found it undamaged, and saw that the
8 office was empty. The table and equipment which she had
9 previously seen were gone. The wires leading from the
10 equipment up to the ceiling were also gone. Since the
11 office was empty, and because she had not recently seen
12 Schmitt, Zhao believed he may have moved out of the
13 building.

14 d. Zhao did not need to clean out Suite I for a new tenant
15 because Suite I was completely empty; there was no trash,
16 furniture, boxes, documents, files, or anything else
17 inside.

18 e. Around the middle of October, Chui and Zhao leased Suite
19 I to a new tenant.

20 f. "Schmitt" had paid the lease for Suite I through the end
21 of October 2006 and had entered into a three-year lease
22 that would have expired in 2009.

23 26. Continuing on the same date, Zhao positively identified
24 Louis Arriola from a photo line-up as the person she knew as
25 Schmitt.

26 **Victim Linkline Provides Service for "Gordon Schmitt" at Suite I**

27 27. On August 7, 2006, USSS Criminal Research Specialist
28 (CRS) Margie Martinez gave SA Buenaluz information from the pen

1 register installed on telephone number (213) 281-1024 to a company
2 called Linkline, on S. Milliken Ave, in Ontario, California 91761.

3 28. On August 8, 2006, Federal Bureau of Investigation SA
4 Abelon and SA Buenaluz went to Linkline's office and met with
5 Renato O'Neal, Director of Sales, who told them the following:

- 6 a. O'Neal recently conducted business with a person named
7 Schmitt who claimed to be the Vice President of
8 Information Technology for the Saint Gobain company.
9 O'Neal met Schmitt in person at Linkline and managed the
10 account personally.
- 11 b. Schmitt communicated with him by e-mail using the e-mail
12 address "gschmitt@saintgobaininc.com" and telephone
13 number (213) 281-1024.
- 14 c. A one page Saint Gobain Credit Information sheet was
15 provided to Linkline together with an application for
16 credit.
- 17 d. Schmitt said he wanted to set up service as quickly as
18 possible, and wireless technology service was installed
19 in Suite I at the Third Ave office complex in Upland.
- 20 e. Before service with Linkline was installed, O'Neal met
21 with Schmitt inside of Suite I. The office was small and
22 contained approximately four servers and one Cisco router
23 positioned on top of a foldout table, with connections
24 leading up the wall from the servers and router.
- 25 f. Based on O'Neal's experience, it appeared that there was
26 already some active telecommunications service in place.
27 There appeared to be approximately eight PRI network
28

1 channels installed.³

2 g. While he was in the office, Schmitt made an outgoing
3 telephone call to a business associate and began the
4 conversation with the statement, "this is Gordon."

5 h. Schmitt drove a newer model Mercedes Benz, possibly a
6 model C230 four door sedan, silver in color. This
7 vehicle was parked in front of the office building when
8 he met with Schmitt.

9 i. Sometime between June 20 and 23, 2006, Schmitt went to
10 Linkline's office in Ontario and made a cash payment of
11 \$2,299.00 towards the Saint Gobain account.

12 j. When service was initially put on line, the amount of
13 data passing through the Saint Gobain service account was
14 of such a high volume that it interfered with the service
15 of other Linkline customers and bumped them off.

16 k. On July 7, 2006, Schmitt requested removal of the
17 wireless equipment installed on the roof of the office
18 building. The equipment was removed on July 12, 2006.

19 l. On Sunday, August 6, 2006, O'Neal received four telephone
20 calls to his office telephone number and one telephone
21 call to his cell phone from Schmitt's number (213) 281-
22 1024. Schmitt said he was calling from New York and
23 wanted O'Neal to know he would send payment to Linkline

24
25 ³ A primary rate interface ("PRI") is a telecommunications
26 standard used on T-1 lines for carrying voice and data
27 transmissions between two physical locations. PRIs carry a large
28 volume of data per second and are intended for medium and large
 enterprises, while the Basic Rate Interface ("BRI") standard is
 capable of carrying a smaller volume of data per second and is
 intended for home and small enterprise use.

1 via wire transfer for Saint Gobain's service bill,
2 however, the payment was not received. Linkline's loss
3 from the Saint Gobain account was \$3,237.00.

4 29. Also on August 8, 2006, O'Neal positively identified
5 Louis Arriola from a photo lineup as the person who said he was
6 Gordon Schmitt, and who set up an account with Linkline using the
7 company name Saint Gobain. O'Neal said this was the same person
8 with whom he spoke at telephone number (213) 281-1024 and provided
9 the e-mail address "gschmitt@stgobaininc.com."

10 ***Victim TNCI Provides Service for "Gordon Schmitt" at Suite I***

11 30. On July 17, 2006, SA Buenaluz spoke by telephone on a
12 conference call with Ed Ariel, Director of Risk Management for
13 TNCI, and Charles Luca, Vice President of Operations for TNCI,
14 who told him the following:

15 a. In March 2006, TNCI entered into a service contract with
16 a person who claimed to be Schmitt of Saint Gobain.
17 Schmitt provided TNCI with telephone number (213) 281-
18 1024 and e-mail address "gschmitt@stgobaininc.com" as his
19 contact information. TNCI was also given the name John
20 Glassel as an additional contact person for Saint Gobain
21 at (213) 210-1706.

22 b. TNCI installed telecommunications service at Suite I at
23 the N. Third Ave office complex in Upland, as requested
24 by Schmitt.

25 c. In June 2006, a partial payment in the amount of \$3,200
26 was made by Schmitt to TNCI via WAMU and Western Union
27 money orders, to cover activation fees for the
28 telecommunications service.

- 1 d. On July 5, 2006, Ariel contacted Schmitt by telephone
2 regarding unusually high international long distance call
3 volume appearing on Saint Gobain's service. Schmitt told
4 Ariel that the high call volume was only temporary.
- 5 e. In an e-mail communication from Schmitt during the week
6 of July 10, 2006, Schmitt assured Ariel that the volume
7 of call traffic would eventually go down and payment
8 would be sent to TNCI.
- 9 f. In a July 13, 2006 e-mail from John Glassel, at
10 "jglassel@stgobaininc.com," to Ariel and copied to
11 Schmitt, at "gschmitt@stgobaininc.com," Ariel was
12 informed a check was shipped via FedEx (with FedEx
13 tracking number 857856799662) to pay for Saint Gobain's
14 July 2006 bill. Ariel said he checked FedEx's Internet
15 website for the status of the FedEx package and saw it
16 was shipped on July 12, 2006.
- 17 g. TNCI decided to maintain active service to the Saint
18 Gobain account through the weekend of July 15-16 since
19 they believed payment was being made. Consequently, a
20 large volume of call traffic was routed through the Saint
21 Gobain service account over that weekend resulting in
22 additional loss to TNCI.
- 23 h. On July 17, 2006, Ariel received the FedEx package from
24 Saint Gobain, supposedly containing a check, and
25 discovered it was empty except for a blank sheet of
26 paper.
- 27 i. TNCI immediately terminated service to the Saint Gobain
28 account when the FedEx package was received, realizing

1 they had not been paid for telecommunications services
2 provided, which at that point was estimated at over \$1
3 million.

4 j. Ariel tried to contact Schmitt at the contact telephone
5 number (213) 281-1024 and e-mail address
6 "gschmitt@stgobaininc.com," but was unsuccessful.

7 31. On July 18, 2006, Ariel forwarded to SA Buenaluz copies
8 of documents and WAMU money orders sent to TNCI by Schmitt. SA
9 Buenaluz examined the documents and observed the following:

10 a. TNCI received three \$1000 WAMU money orders (numbers
11 070707757, 070707758, and 070707759) and two \$100 money
12 orders (WAMU money order number 070707764 and Western
13 Union money order number 08-408018521).

14 b. A scanned copy of the FedEx Express U.S. Airbill packing
15 slip, FedEx tracking number 857856799662, from the
16 package Ariel received from Saint Gobain the previous
17 day.

18 32. Between June 30, 2006 and October 4, 2006, SA Buenaluz
19 spoke with and received surveillance photographs from Linda
20 Kristman, WAMU Investigator, and learned the following:

21 a. The \$1000 WAMU money orders (numbers 070707757,
22 070707758, and 070707759) and the \$100 money order
23 (number 070707764) were purchased with funds drawn from
24 WAMU account number XXXX-XXXXXXX618-4, held in the name
25 of Qualitytel.

26 b. On June 22, 2006, at 4:58 P.M., these money orders were
27 purchased at a WAMU branch located in Rancho Cucamonga,
28 California, approximately 22 miles from the Dill Circle

1 address.

2 c. WAMU surveillance photographs captured Louis Arriola
3 purchasing all four of the WAMU money orders sent to
4 TNCI.

5 33. Subsequent investigation provided additional information
6 regarding the FedEx package sent to TNCI by Schmitt on July 12,
7 2006, supposedly containing a check for payment of Saint Gobain's
8 bill, but actually containing only one blank sheet of paper. On
9 July 21, 2006, SA Buenaluz spoke with John Gragg, FedEx Kinko's
10 Corporate Security, regarding surveillance video for persons
11 shipping a package bearing FedEx tracking number 857856799662, and
12 conducting business on July 12, 2006 at the FedEx Kinko's location
13 on Foothill Boulevard, in Rancho Cucamonga, California 91730. Gragg
14 told SA Buenaluz he was able to recover surveillance video for the
15 transaction which captured two individuals completing the
16 transaction to ship the package.

17 34. On July 25, 2006, SA Buenaluz met with Gragg and reviewed
18 the surveillance video. They observed Louis Arriola and another
19 male complete the transaction to ship the FedEx package to TNCI.

20 ***Identity Theft Victim Gordon R. Schmitt and Saint Gobain***

21 35. On June 26, 2006, SA Buenaluz was contacted by e-mail and
22 telephone by representatives of several telecommunications
23 companies, including Ceres Fagan of TelePacific, regarding
24 fraudulent service contracts established using the applicant
25 company name Saint Gobain Corporation.

26 36. From June 26, 2006 through August 2006, SA Buenaluz
27 contacted representatives of eight telecommunications companies,
28 Access One Inc. ("Access One"), Airespring Inc. ("Airespring"),

1 Linkline, MPower Communications Corporation ("Mpower"), Lightyear
2 Network Solutions ("Lightyear"), Verizon, TNCI, and Netifice
3 Communications ("Netifice"), and learned the following:

- 4 a. Since February 2006, individuals posing as
5 representatives of Saint Gobain, and in particular
6 impersonating Schmitt, Saint Gobain's Vice President of
7 Information Technology, submitted applications for and
8 received telecommunications service resulting in a loss
9 of approximately \$1.5 million to the victim providers.
- 10 b. These individuals provided several physical addresses in
11 the fraudulent telecommunications contracts, including an
12 address on North Third Ave, Suite I, in Upland,
13 California 91786.
- 14 c. Contact names and phones numbers included: Schmitt at
15 (213) 281-1024 and "gschmitt@stgobaininc.com," as well
16 as, John Glassel at (213) 210-1706 and
17 "jglassel@stgobaininc.com."

18 37. On July 10, 2006, SA Buenaluz spoke with the true
19 Schmitt, Vice President of Information Technology for Saint Gobain,
20 who told him the following:

- 21 a. Schmitt had never entered into any telecommunications
22 service contracts for any Saint Gobain service locations
23 in Upland, California.
- 24 b. Schmitt was aware of instances earlier in 2006 where
25 individuals used his name, title, and company information
26 for Saint Gobain in applying for telecommunications
27 service. Schmitt specifically did not apply for
28 telecommunications service from these companies.

1 38. Also on July 10, 2006, Bob Wilk, Vice President of
2 Business Practices and Compliance Programs for Saint Gobain,
3 provided SA Buenaluz with information of service applications
4 submitted with several telecommunications companies, and forwarded
5 documentation submitted with the fraudulent applications to him by
6 e-mail and attachments. Wilk confirmed the applications and other
7 information he sent to SA Buenaluz were not submitted by the real
8 Schmitt or any other authorized representatives of Saint Gobain.
9 SA Buenaluz reviewed and learned the following from the e-mails and
10 attachments:

11 a. A one page document titled "Credit Information," bearing
12 Saint Gobain's copyrighted symbol, the headquarters
13 address for Saint Gobain, federal tax identification
14 number, and Data Universal Numbering System (DUNS)
15 number, were submitted by Schmitt and the other
16 individuals presenting themselves as representatives of
17 Saint Gobain.

18 39. Continuing on or about July 10, 2006, SA Buenaluz spoke
19 with Wilk by telephone, who told him the following:

- 20 a. Neither Saint Gobain, nor any of its authorized
21 representatives, entered into any of the previously
22 identified fraudulent contracts.
- 23 b. Saint Gobain does not have offices on N. Third Ave, Suite
24 I, in Upland, California 91786.
- 25 c. Saint Gobain has no employees or other authorized
26 representatives named John Glassel.
- 27 d. The telephone numbers (213) 281-1024, (213) 327-5592, and
28 (213) 210-1706 are not used by Schmitt or anyone else at

1 Saint Gobain.

2 e. The e-mail address "gschmitt@stgobaininc.com" is not used
3 by Schmitt or anyone else at Saint Gobain.

4 40. On August 10, 2006, SA Buenaluz spoke with Bob Wilk and
5 Teresa T. Ciccotelli, Divisional Counsel, Saint Gobain. They told
6 him the following:

7 a. The Federal TIN used by the individuals impersonating
8 Saint Gobain representatives to apply for the
9 telecommunications service is a genuine TIN assigned to
10 one of Saint Gobain's subsidiary companies.

11 b. The DUNS number also used by the persons posing as Saint
12 Gobain representatives to apply for the
13 telecommunications service, and used on the one page
14 Credit Information sheet submitted with the fraudulent
15 service applications and lease applications, is a genuine
16 DUNS number assigned to one of Saint Gobain's subsidiary
17 companies.

18 41. On September 5, 2006, SA Buenaluz again spoke with the
19 true Schmitt regarding photographs of Arriola he previously sent to
20 him, who told him the following:

21 a. Schmitt did not recognize the person appearing in the
22 photographs.
23 b. Schmitt did not know anyone named Louis Arriola.
24 c. Schmitt did not give permission for anyone named Louis
25 Arriola to use his name or enter into any agreements or
26 contracts using his name.

27 / / /

28 / / /

1 *Financial Analysis of the Bank Accounts*

2 42. On or about January 2006 and continuing through October
3 2006, SA Buenaluz received records from the State of California
4 Employment Development Department (EDD), WAMU, Golden, and the
5 California Secretary of State, and learned the following:

- 6 a. Louis Arriola registered a company named Qualitytel in
7 2003.
- 8 b. Louis Arriola was self-employed as president of
9 Qualitytel.
- 10 c. With the EDD, Qualitytel, at the Dill Circle address, was
11 identified as the employer of both Louis Arriola and
12 Sharlene Arriola.
- 13 d. Louis Arriola's residence, the Dill Circle address, was
14 listed as Qualitytel's business address on financial
15 institution and California Secretary of State records.

16 43. From bank records obtained from WAMU through the USSS's
17 investigation, the following information was obtained regarding
18 WAMU account XXXX-XXXXXXX618-4, ("the Qualitytel account"):

- 19 a. The account was held in the name of Qualitytel.
- 20 b. Louis R. Arriola was listed as president and the contact
21 person for the account.
- 22 c. Sharlene Everitt Arriola was listed as a signatory for
23 the account.
- 24 d. The address listed for the account was the Dill Circle
25 address.
- 26 e. No other addresses were identified on the Qualitytel
27 account.
- 28 f. Wyn International ("Wyn") and LCR providers, including

1 companies associated with Frontline Communications Int'l,
2 Inc., ("Frontline"), Medcom LLC ("Medcom"), Universal
3 Gateway ("Universal"), paid Arriola of Qualitytel, for
4 telecommunications service.

5 44. SA Buenaluz reviewed information of deposits made to the
6 Qualitytel account in 2006 and observed the following:

- 7 a. Medcom paid Arriola \$64,981.00 which was deposited in the
8 Qualitytel account.
- 9 b. Universal paid Arriola \$433,152.81 which was deposited in
10 the Qualitytel account.
- 11 c. Wyn paid Arriola \$129,489.76 which was deposited in the
12 Qualitytel account.
- 13 d. Mel Cooper, Frontline CEO, paid Arriola \$50,000.00 which
14 was deposited in the Qualitytel account.

15 45. From February 2006 through October 2006, Louis and
16 Sharlene Arriola wrote 36 checks to themselves, totaling
17 \$56,873.99, from the Qualitytel account. These checks were
18 deposited into Golden account XXXXXX9240 ("Golden account").

19 46. During the month of August 2006, Sharlene Arriola
20 transferred \$152,000.00 from the Qualitytel account to WAMU account
21 XXX-XXX248-8 ("the Arriola checking account").

22 47. On August 16, 2006, Sharlene Arriola wrote a check
23 totaling \$5,000.00, drawn on the Qualitytel account and made
24 payable to Jadyn Arriola. The check had "2159507 - Altura" on the
25 memo line, and it was stamped on the back "Altura Credit Union, For
26 Deposit Only." The check was also endorsed with the name, "Jadyn
27 Arriola, Dep only, 2159507." This account is believed to be Altura
28 account number XXX9507 ("the Altura account").

1 established the Golden account, held in the name of "Sharlene and
2 Louis Arriola." Between February 1, 2006 and October 10, 2006, 36
3 checks totaling \$56,873.99 drawn from the Qualitytel account,
4 written payable to Louis Arriola and/or Sharlene Arriola, were
5 deposited into the Golden account.

6 ***The Arriola Checking Account***

7 52. On January 17, 2001, Sharlene Arriola established the
8 Arriola checking account, held in the name of "Sharlene Arriola."
9 During August 2006, two transfers totaling \$152,000.00 drawn from
10 the Qualitytel account were made into the Arriola checking account.

11 ***The Altura Account***

12 53. On August 16, 2006, one check totaling \$5,000.00 drawn
13 from the Qualitytel account, written payable to Jadyn Arriola, was
14 deposited into the Altura account, held in the name of "Jadyn
15 Arriola."

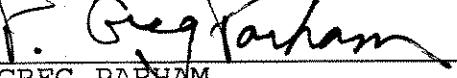
16 54. Based upon the facts set forth above, Plaintiff alleges
17 that the defendant bank funds represent or are derived from
18 proceeds traceable to violations of 18 U.S.C. §§ 1343 (wire fraud),
19 1341 (mail fraud), and/or 1028(a)(7) (identity theft), or a
20 conspiracy to commit one or more of those offenses. Each of these
21 offenses constitutes "specified unlawful activity" pursuant to 18
22 U.S.C. §§ 1956(c)(7)(A) and 1961(1)(B). The defendant bank funds
23 are therefore subject to forfeiture pursuant to 18 U.S.C. §
24 981(a)(1)(C). The government further alleges that the defendant
25 bank funds were involved in monetary transactions involving
26 proceeds of the above referenced statutes, which transactions were
27 designed to promote the carrying on of specified unlawful activity,
28 or to conceal or disguise the true nature, source, location,

1 ownership or control of the proceeds in violation of 18 U.S.C.
2 § 1956(a)(1)(i) and (B), thus providing a separate basis for
3 forfeiture under 18 U.S.C. § 981(a)(1)(A).

4 WHEREFORE, the United States prays that due process issue to
5 enforce the forfeiture of the defendant bank funds, due notice be
6 given to all interested parties to appear and show cause why
7 forfeiture should be not be decreed, that this court decree
8 forfeiture of the defendant bank funds to the United States of
9 America for disposition according to law, and for such other and
10 further relief as this court may deem just and proper, together
11 with the costs and disbursements of this action.

12 DATED: April 24, 2008

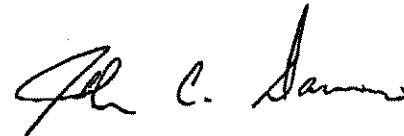
THOMAS P. O'BRIEN
United States Attorney
CHRISTINE C. EWELL
Assistant United States Attorney
Chief, Criminal Division
STEVEN R. WELK
Assistant United States Attorney
Chief, Asset Forfeiture Section


P. GREG PARKHAM
Special Assistant United States Attorney
Asset Forfeiture Section

19 Attorneys for Plaintiff
United States of America
20
21
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27
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1 VERIFICATION

2 I, John C. Darrow, hereby declare that:

3 1. I am a Special Agent with the U.S. Secret Service and am
4 the case agent for the forfeiture matter entitled United States v.
5 \$180,920.46 Various Bank Funds.6 2. I have read the above Verified Complaint for Forfeiture
7 and know its contents. It is based upon my own personal knowledge
8 and reports provided to me by other law enforcement agents.9 3. Everything contained in the Complaint is true and
10 correct, to the best of my knowledge and belief.11 I declare under penalty of perjury that the foregoing is true
12 and correct.13 Executed April 23, 2008 in Los Angeles, California.14
15 
1617 John C. Darrow
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28

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Percy Anderson and the assigned discovery Magistrate Judge is Alicia G. Rosenberg.

The case number on all documents filed with the Court should read as follows:

CV08- 2703 PA (AGRx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

===== :

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

(a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/> United States of America		DEFENDANTS \$180,920.46 in Various Bank Funds								
(b) County of Residence of First Listed Plaintiff (Except in U.S. Plaintiff Cases):		County of Residence of First Listed Defendant (In U.S. Plaintiff Cases Only): Los Angeles								
(c) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) THOMAS P. O'BRIEN, United States Attorney P. GREG PARHAM, Special Assistant United States Attorney United States Attorney's Office, California Bar No. 140310 U.S. Courthouse, 14th Fl., 312 N. Spring St., Los Angeles, CA 90012		Attorneys (If Known)								
II. BASIS OF JURISDICTION (Place an X in one box only.)		III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.)								
<input checked="" type="checkbox"/> 1 U.S. Government Plaintiff	<input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)	Citizen of This State	<input type="checkbox"/> PTF <input type="checkbox"/> DEF □ 1 □ 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> PTF <input type="checkbox"/> DEF □ 4 □ 4					
<input type="checkbox"/> 2 U.S. Government Defendant	<input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	Citizen of Another State	<input type="checkbox"/> 2 <input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5 <input type="checkbox"/> 5					
		Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3 <input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6 <input type="checkbox"/> 6					
IV. ORIGIN (Place an X in one box only.)										
<input checked="" type="checkbox"/> 1 Original Proceeding		<input type="checkbox"/> 2 Removed from State Court		<input type="checkbox"/> 3 Remanded from Appellate Court		<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from another district (specify):	<input type="checkbox"/> 6 Multi-District Litigation	<input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judge	
V. REQUESTED IN COMPLAINT: JURY DEMAND: <input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No (Check 'Yes' only if demanded in complaint.)								
CLASS ACTION under F.R.C.P. 23: <input type="checkbox"/> Yes		<input type="checkbox"/> MONEY DEMANDED IN COMPLAINT: \$ _____								
VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.) 18 U.S.C. §§ 981 (a)(1)(A) & (C)										
VII. NATURE OF SUIT (Place an X in one box only.)										
OTHER STATUTES	CONTRACT		TORTS PERSONAL INJURY		TORTS PERSONAL PROPERTY		PRISONER PETITIONS		LABOR	
	<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus	<input type="checkbox"/> 710 Fair Labor Standards Act
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 530 General	<input type="checkbox"/> 720 Labor/Mgmt. Relations	
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans)	<input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act	
<input type="checkbox"/> 450 Commerce/ICC Rates/etc.									<input type="checkbox"/> 740 Railway Labor Act	
<input type="checkbox"/> 460 Deportation									<input type="checkbox"/> 790 Other Labor Litigation	
<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations									<input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	
<input type="checkbox"/> 480 Consumer Credit									PROPERTY RIGHTS	
<input type="checkbox"/> 490 Cable/Sat TV									<input type="checkbox"/> 820 Copyrights	
<input type="checkbox"/> 810 Selective Service									<input type="checkbox"/> 830 Patent	
<input type="checkbox"/> 850 Securities/Commodities /Exchange									<input type="checkbox"/> 840 Trademark	
<input type="checkbox"/> 875 Customer Challenge 12 USC 3410									SOCIAL SECURITY	
<input type="checkbox"/> 890 Other Statutory Actions									<input type="checkbox"/> 861 HIA (1395ff)	
<input type="checkbox"/> 891 Agricultural Act									<input type="checkbox"/> 862 Black Lung (923)	
<input type="checkbox"/> 892 Economic Stabilization Act									<input type="checkbox"/> 863 DIWC/DIWW (405(g))	
<input type="checkbox"/> 893 Environmental Matters									<input type="checkbox"/> 864 SSID Title XVI	
<input type="checkbox"/> 894 Energy Allocation Act									<input type="checkbox"/> 865 RSI (405(g))	
<input type="checkbox"/> 895 Freedom of Info. Act									FEDERAL TAX SUITS	
<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice									<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)	
<input type="checkbox"/> 950 Constitutionality of State Statutes									<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609	
	REAL PROPERTY									
	<input type="checkbox"/> 210 Land Condemnation									
	<input type="checkbox"/> 220 Foreclosure									
	<input type="checkbox"/> 230 Rent Lease & Ejectment									
	<input type="checkbox"/> 240 Torts to Land									
	<input type="checkbox"/> 245 Tort Product Liability									
	<input type="checkbox"/> 290 All Other Real Property									

VIII(a). IDENTICAL CASES: Has this action been previously filed and dismissed, remanded or closed? No Yes

If yes, list case number(s):

FOR OFFICE USE ONLY: Case Number:

~~CW08-02703~~

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

VIII(b). RELATED CASES: Have any cases been previously filed that are related to the present case? No Yes

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply)
- A. Arise from the same or closely related transactions, happenings, or events; or
 - B. Call for determination of the same or substantially related or similar questions of law and fact; or
 - C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 - D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: List the California County, or State if other than California, in which EACH named plaintiff resides (Use an additional sheet if necessary)

Check here if the U.S. government, its agencies or employees is a named plaintiff.

Los Angeles

List the California County, or State if other than California, in which EACH named defendant resides. (Use an additional sheet if necessary).

Check here if the U.S. government, its agencies or employees is a named defendant.

Los Angeles

List the California County, or State if other than California, in which EACH claim arose. (Use an additional sheet if necessary)

Note: In land condemnation cases, use the location of the tract of land involved.

Los Angeles

X. SIGNATURE OF ATTORNEY (OR PRO PER): _____

P. GeogRahan

Date

4/24/08

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))